



Parks and Recreation Department Follow-Up Audit Report

Issued by the
Internal Audit Office
August 28, 2009

**City of El Paso
Internal Audit Office
Parks and Recreation Department Follow – Up Audit**

EXECUTIVE SUMMARY

The Internal Audit Office conducted a follow-up audit on Parks and Recreation Department Audit Report dated June 18, 2008. Upon completion of the audit fieldwork, we have determined the status of the recommendation for each audit finding as outlined in the table below:

Finding No.	Description of Findings	Status
1	There is a lack of policies and procedures regarding the cash handling, revenue, expenditure, and posting processes.	In progress
2	Teams are allowed to play without paying the league entry fee. There appears to be a total of \$5,159.00 in unpaid league entry fees for the Fall 2007 and Summer 2008 Baseball League. Complete, accurate and consistent league data is not being maintained.	Not Implemented
3	Receipts are not being completed properly or reconciled to verify that receipts assigned to a Center or Pool are accounted for. Receipt book was shared between Centers.	In progress
4	Deposits are not being made on a timely basis, according to policy. A total of 37 out of 55 required deposits (67%) were untimely. Of the \$27,211.50 in required deposits, \$15,622.00 were one to six days late.	In progress
5	There are inefficiencies in the refund process because customers are allowed to request credit for a future league. Refunds did not have the required support documentation and/or signature approval.	Implemented
6	Facility rentals fees are not in compliance with City policies outlining fees. Final payments for facility rentals are not made on a timely basis according to the deadlines stipulated in the <i>Facilities Use Agreement</i> or <i>Terms and Conditions</i> .	In progress
7	There are inconsistencies in the <i>Facilities Use Agreements</i> and <i>Terms and Conditions</i> being used. <i>Facilities Use Agreements</i> were not completed properly and were missing information.	In progress
8	Revenues totaling \$551.00 were incorrectly allocated to the Rental Revenue Account (#405020).	Implemented
9	The Galatzan Daycare has several internal control weaknesses. Sign-in sheets were missing times, fees for additional hours and late fees were not assessed and/or could not be calculated, one participant may have been overcharged, and there are inconsistencies in the documents given to parents.	Implemented

Based on the results of this follow-up audit, we have determined that three (3) of the nine (9) original findings have been implemented.

For a detailed explanation of the findings and the current observations please refer to the appropriate finding contained in the body of this Audit Report.

BACKGROUND

The Institute of Internal Auditor's *International Standards for the Professional Practice of Internal Auditing, Standard 2500.A1*, requires a post audit follow-up on all audit recommendations made to ascertain that appropriate action is taken on reported audit findings. The Internal Audit Office has conducted a follow-up audit of the Parks and Recreation Department Audit Report dated June 18, 2008.

AUDIT OBJECTIVES

The audit objective was to determine the status of the recommendations detailed in the original audit report which contained nine (9) findings requiring follow-up.

SCOPE & METHODOLOGY

The follow-up audit was limited to a review of the findings and recommendations detailed in the original audit report, dated June 18, 2008. The audit period covered the operations of the Parks and Recreation Department from September 1, 2008 to the present. Audit fieldwork included interviewing key personnel, reviewing documents, and testing management processes to determine the status of each recommendation.

The audit was conducted in accordance with the *International Standards for the Professional Practice of Internal Auditing* issued by the Institute of Internal Auditors.

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***ORIGINAL FINDINGS, ORIGINAL RECOMMENDATIONS, MANAGEMENT’S
RESPONSE TO ORIGINAL FINDINGS, CURRENT OBSERVATION, AND
STATUS***

Based on the results of follow-up test work, each original finding recommendation will be designated with one of the following four status categories:

<i>Implemented</i>	The finding has been addressed by implementing the original corrective action or an alternative corrective action.
<i>In Progress</i>	The corrective action has been initiated but is not complete.
<i>Not Applicable</i>	The recommendation is no longer applicable due to changes in procedures or changes in technology.
<i>Not Implemented</i>	The recommendation was ignored, there were changes in staffing levels, or management has decided to assume the risk.

Finding 1

Policies and Procedures

The Parks and Recreation Department does not have policies and procedures regarding the following areas:

- Cash Handling and Receipting
- Petty Cash
- Overages and Shortages
- Facility Rentals
- Registrations (League & Daycare)
- Refunds
- Deposits
- Classification, Review & Posting of Revenues
- Reconciliations
- Expenditures
- Senior Center Advisory Boards

Formal policies and procedures should provide guidance to employees, reflect actual operations, and should be updated on a periodic basis.

Recommendation

The Parks and Recreation Department should develop and distribute the appropriate policies and procedures to all employees at Recreation Centers, Senior Centers and Pools.

Management’s Response

A consolidated PARD Cash Handling Administrative Guideline will be developed and distributed. The guideline will include internal policy and staff direction related to collecting and depositing fees, providing receipts, handling change funds and cash drawers, safeguarding of cash, segregating staff duties, classifying and posting revenue, identifying overages/shortages, processing refunds, and reconciliations. It is unfortunate that the City of El Paso does not have a comprehensive cash handling directive to provide to all departments as a starting point.

In addition, PARD will develop and distribute administrative guidelines for Activity Registration, Facility Reservation/Rental, and Expenditures (including petty cash). An administrative guideline is not needed specifically for Senior Center Advisory Boards, as the Cash Handling policy will include guidance related to 3rd party funds.

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Responsible Party

Policy Development: Leo Wilson, Business Manager (Cash Handling, Expenditures), Judy Weiss, Assistant Director (Activity Registration, Facility Reservation/Rental). Training and Distribution: Leo Wilson, Business Manager, Judy Weiss, Assistant Director, Joe Rodriguez, Recreation Manager, Paula Powell, Sports Manager, Wright Stanton, Aquatics Manager.

Implementation Date

January 30, 2009

Current Observation

A “Cash Handling Administrative Guideline” has been drafted, but not approved and no implementation date has been set.

The draft guideline also states, all areas within the Parks and Recreation Department that handle cash will be responsible for the procedures contained in the City’s Cash Management Manual, effective in May 2009.

Status

In Progress

Finding 2

League Entry Fees – Acosta Sports Center

The Fall 2007 and Summer 2008 Baseball League were selected for review. The following internal control weaknesses were noted:

- There appears to be unpaid entry fees for the following:

Baseball League	Total # of Teams	# of Teams with a Balance as of 5/20/08	Percentage	Entry Fee Balance	Comments
Fall 2007	20	5	25%	\$ 1,375.00	Five out of 20 teams (25%) appear to have a total entry fee balance due of \$1,375.00. However, due to the lack of detailed support documentation, data for this league was deemed unreliable and could not be verified.
Summer 2008	97	17	18%	\$ 3,784.00	17 out of 97 teams (18%) have a total entry fee balance due of \$3,784.00

- Teams are allowed to play even if they have not paid their entry fee by the league start date (A due date for the entry fee was not included in the league flyer).

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- Complete and accurate data is not being maintained.
 - Back-up copies of current and historical league data is not maintained in one centralized location. Data regarding the Fall 2007 Baseball League was lost from www.sportslineup.com and from the league supervisor's computer. Without League Schedules and Final Standings we could not determine the entry fees that should have been collected.
- Data for the Summer 2008 Baseball League is not consistent. The following is a breakdown of the teams listed:

# of Teams	Listed in the following:
95	League Schedules
101	Current Standings on www.sportslineup.com (Of these, 97 teams played)
96	Daily Receipts Log

Recommendation

Parks and Recreation Management should establish procedures to ensure that:

- Unpaid entry fees balances are collected.
- Teams are not allowed to play unless they have paid their entry fee by the predetermined due date.
- Back-up copies of current and historical league data are maintained in one centralized location to ensure that complete and accurate data is available to management.

Data maintained in the Daily Receipts Log is consistent with the League Schedules and Current Standings.

Management's Response

A consolidated PARD Activity Registration Administrative Guideline will be developed and distributed (see Finding 1 response). The guideline will include internal policy and staff direction related to sports leagues as well as all other activities that include a fee for service. In the interim, the Sports Manager and staff have been directed to not allow any team to participate if full payment has not been received. PARD does not agree with the conclusion that current league participation data should be maintained in a centralized location. Sports section staff have offices in four separate facilities. Participant records may be maintained by the staff assigned to oversee a particular league sport, i.e., softball or basketball, and data should be available at the respective staff office. Historical participation data will be maintained in accordance with City Record Retention policies.

PARD management will continue to pursue an automated system that includes modules for maintaining league financial and registration data, pending acquisition of sufficient funding to allow the implementation of an appropriate automated system and determination that the appropriate City information technology/communications infrastructure is in place to support automation.

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Responsible Party

Policy Development: Judy Weiss, Assistant Director. Training and Distribution: Judy Weiss, Assistant Director, Joe Rodriguez, Recreation Manager, Paula Powell, Sports Manager, Wright Stanton, Aquatics Manager. (similar to Finding 1).

Implementation Date

January 30, 2009

Chief Internal Auditor's Response

The Internal Audit Office (IAO) understands the technology challenges associated with maintaining league data in a centralized location. PARD needs to understand that without this database, it is very difficult to trace and verify payments made by individual teams; thus making the audit trail difficult to follow.

Current Observation

The Summer 2008 and 2009 Baseball Leagues were selected for review. Based on our observations we were able to determine the following:

- Unpaid entry fees from the Summer 2008 Baseball league were not collected.
 - Of the \$3,784.00 in entry fees payable one collection notice for \$234.00 was provided.
- Teams in the 2009 Summer Baseball league are being allowed to play even if they have not paid their entry fee by the league start date.
 - 17 of 70 teams (24%) did not pay in full by the league start date of May 4, 2009.
 - Six of 70 teams (9%) have a 2009 Baseball league fee balance due of \$852.00.
- Backup copies of complete and accurate data are not maintained in a central location.
 - League standings for the Summer 2008 baseball league were requested from the Sports Manager and not received.
 - The Summer 2008 Baseball league schedules that were provided indicate 85 teams played in the league. The website used to track team standings in 2008 indicates 101 teams played. A difference of 16 teams.

Status

Not Implemented

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Finding 3

Receipts

A review of receipts issued at Galatzan Daycare during the period 2/1/08-2/29/08 and Eastside Senior Center during the period 12/1/07-12/31/07 was conducted. The following internal control weaknesses were noted:

- Receipts were not completed properly as shown in the test results shown below:

Location	Total # of Receipts	# of Exceptions	Percentage	Description of Exceptions
Eastside Senior Center	184	149	81%	Missing customer's address
	184	148	80%	Missing customer's phone number
	53	2	4%	Missing the required check number
Galatzan Daycare	119	116	97%	Missing the customer's address and phone number
	119	2	2%	Missing the payment method
	119	3	3%	Missing the employee's signature
	68	3	4%	Missing the required check number

- A receipt book was used by a Center that it was not assigned to.
 - The Galatzan Daycare Receipt Book was lent to Galatzan Recreation Center to provide receipts for a parent class held on September 19, 2007. A total of 13 receipts were issued.
- A reconciliation of receipts assigned to a Center or Pool is not performed to verify that those receipts are accounted for.

Recommendation

Parks and Recreation Management should ensure that:

- All receipts are completed properly.
- Receipt books are only used by the Center or Pool that they were assigned to.
- A reconciliation of receipts assigned to a Center or Pool is performed.

Management's Response

A consolidated PARD Cash Handling Administrative Guideline will be developed and distributed (see Finding 1 response). The Day Care program at Galatzan is currently overseen by the Galatzan Center management. While separate receipt books may be desirable, PARD does not agree with the conclusion that separate receipt books are required for programs that are conducted within the same facility. PARD will continue to monitor.

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Responsible Party

Policy Development: Leo Wilson, Business Manager (Cash Handling). Training and Distribution: Leo Wilson, Business Manager, Judy Weiss, Assistant Director, Joe Rodriguez, Recreation Manager, Paula Powell, Sports Manager, Wright Stanton, Aquatics Manager. (similar to Finding 1).

Implementation Date

January 30, 2009

Chief Internal Auditor's Response

Regarding PARD response regarding disagreement with the use of Receipt Books, PARD needs to understand the concept of a strong internal control system. By allowing multiple activities within a center to use the same receipt book is considered an internal control breakdown. The activities reviewed are definitely separate, Recreation Center vs. a Day Care. By their sheer separate activity, separate internal control must be designed and followed. The IAO will review the Galatzan Center during the Follow-Up Audit.

Current Observation

A review of the receipts issued at Eastside Senior Center and Galatzan Daycare Center for the period February 1 through February 28, 2009 was conducted and the results are as follows:

Location	Total # of Receipts	# of Exceptions	Percentage	Description of Exceptions
Eastside Senior Center	102	5	5%	Missing customer's address
	102	4	4%	Missing customer's phone number
	102	1	4%	Missing the method of payment
Galatzan Daycare	93	93	100%	Missing the customer's phone number
	93	1	1%	Missing the customer's address
	58	3	5%	Missing the required check number

- Of receipts tested from Galatzan Daycare the customer's phone number field was left blank on 100% of them.
- From the sample tested all receipts issued were from the receipt book the center was assigned.
- There is no reconciliation of receipts being conducted to verify that receipts assigned to Centers or Pools are accounted for.

Status

In Progress

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Finding 4

Deposits

Deposits at the Parks and Recreation Department are not being made in accordance with the policy, which requires that a deposit be made when \$100.00 is collected, or at least weekly. A total of 37 out of 55 required deposits (67%) were untimely. Of the \$27,211.50 in required deposits, \$15,622.00 were one to six days late.

Receipts for the period 2/01/08 through 2/29/08 were selected for detailed deposit testing. The results of the testing were as follows:

Location	# of Required Deposits	# of Untimely Deposits	% of Untimely Deposits	Total \$ Amount of Required Deposits	Total \$ Amount of Untimely Deposits	% of \$ Amount of Untimely Deposits	Days Late
Acosta Sports Center	23	16	70%	\$ 16,554.50	\$ 8,344.00	50%	1 to 6
Hilos de Plata Senior Center	15	10	67%	\$ 4,979.00	\$ 3,448.00	69%	1 to 3
Armijo Pool	17	11	65%	\$ 5,678.00	\$ 3,830.00	67%	1 to 6
Total	55	37	67%	\$ 27,211.50	\$ 15,622.00	57%	

Recommendation

Parks and Recreation Department Management should:

- Ensure that deposits are made on a timely basis, according to policy.
- Conduct an analysis to determine if security can be increased by having deposits picked up by an armored car, hiring security guards, or installing surveillance cameras.

Management's Response

A consolidated PARD Cash Handling Administrative Guideline will be developed and distributed (see Finding 1 response). Management will consider raising the threshold for the maximum collection allowed prior to deposit. PARD is in the process of obtaining informal quotes for armored service which will be compared to the level of receipting at the various sites. Funding is not currently available within the PARD operating budget for any of the suggested options; however management will review.

Responsible Party

Policy Development: Leo Wilson, Business Manager, Judy Weiss, Assistant Director. Training and Distribution: Judy Weiss, Assistant Director, Joe Rodriguez, Recreation Manager, Paula Powell, Sports Manager, Wright Stanton, Aquatics Manager. (similar to Finding 1).

Implementation Date

January 30, 2009

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Current Observation

A review of deposits at the Parks and Recreation Department was conducted to determine if they are being made in accordance with the policy, which requires that a deposit be made when \$200.00 is collected, or at least weekly. The \$200.00 limit was in effect from June 18, 2008 to May 2009 at which time the City of El Paso implemented its new Cash Management Policies and Procedures.

The results of the review are as follows:

A total of 18 out of 36 required deposits (50%) were untimely. Of the \$31,464.75 in required deposits, \$9,956.00 were one to seven days late.

Timely deposits at Armijo Pool have gotten worse in the time since the original audit of June 18, 2008.

A review of the receipts issued at Acosta Sports Center, Hilos de Plata Senior Center, and Armijo Pool during the period February 1 through February 28, 2009 was conducted for detailed deposit testing. The results are as follows:

Location	# of Required Deposits	# of Untimely Deposits	% of Untimely Deposits	Total \$ Amount of Required Deposits	Total \$ Amount of Untimely Deposits	% of \$ Amount of Untimely Deposits	Days Late
Acosta Sports Center	20	9	45%	\$25,158.00	\$5,879.00	23%	1 to 4
Hilos de Plata Senior Center	6	3	50%	\$3,139.75	\$1,309.00	42%	1 to 2
Armijo Pool	10	6	60%	\$3,167.00	\$2,768.00	87%	2 to 7
Total	36	18	50%	\$31,464.75	\$9,956.00	31%	

- The Parks and Recreation Department determined that it was cost prohibitive to arrange for deposits to be picked up by armored car.

Status

In Progress

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Finding 5

Refunds

The process of allowing customers at Acosta Sports Center to request a credit for a future league entry fee instead of a refund is inefficient. It creates extra work for those employees who have to track the credits and increases the risk that a team is given credit by mistake due to the large numbers of teams and payments that must be tracked (463 teams for the period 9/1/07 to 5/30/08).

A review of all of the support documentation for 21 refunds processed for Acosta Sports Center during the period 9/1/07 to 4/30/08 was conducted. The results of the testing were as follows, with some of the refunds having multiple discrepancies:

# of Discrepancies	Percentage	Comments
1	5%	No original receipt
2	10%	No copy of driver's license
9	43%	No signature approval by Sports Manager; The signature field was either left blank or it was signed by someone other than the Sports Manager
5	24%	No signature approval by the Business/Finance Manager (Note 1)
16	76%	Not posted to the original account that the revenue was posted to (Note 2)

Note 1 – From the time that the Business/Finance Manager started to oversee refunds, all refunds have received approval at the Parks & Recreation Administration level and no discrepancies have been noted.

Note 2 - The policy was recently changed by the Business/Finance Manager requiring that refunds be posted to the account that the revenue was originally posted to.

Recommendation

Parks and Recreation management should:

- Determine whether customers should be given the option of requesting a refund or credit towards a league entry fee in an upcoming season.
- Ensure that adequate support documentation is maintained and that the appropriate signature approvals are documented for all refunds.

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Management's Response

The Cash Handling, Activity Registration and Facility Reservation/Rental Administrative Guidelines in development (see Finding 1 response) will address an appropriate process for refunds, and as noted, management has already implemented policy change to ensure proper authorization of refunds. Management does not believe that it would be good practice to allow sports leagues an option of applying credit towards a future league.

Responsible Party

Policy Development: Leo Wilson, Business Manager, Judy Weiss, Assistant Director. Training and Distribution: Leo Wilson, Business Manager, Judy Weiss, Assistant Director, Joe Rodriguez, Recreation Manager, Paula Powell, Sports Manager, Wright Stanton, Aquatics Manager. (similar to Finding 1).

Implementation Date

January 30, 2009

Current Observation

A test of 50 refunds from Acosta Sports Center for the period September 1, 2008 through June 30, 2009 was conducted and the results are as follows:

*		
# of Discrepancies	Percentage	Comments
1	2%	No original receipt
3	6%	No copy of driver's license
1	2%	No signature approval by Sports Manager; The signature field was either left blank or it was signed by someone other than the Sports Manager

* Exceptions noted above were deemed immaterial.

- The Parks and Recreation Department no longer applies credits to future leagues. Instead refunds are issued.

Status

Implemented

Finding 6

Facility Rentals – Non-Compliance with Policies and Untimely Payments

A review of facility rentals during February 2008 at the Multipurpose Recreation Center and Hilos de Plata Senior Center was conducted. The following compliance and timeliness issues were noted:

- Facility rentals fees are not in compliance with City policies outlining fees (2008 Budget Resolution Schedule C – Departmental Fee List, City Ordinance #16145, and the El Paso Municipal Code – 13.24.200 Park and recreation fee authorization):
 - 13 out of 13 facility rentals (100%) at the Multipurpose Recreation Center were not charged the correct fees, resulting in a net overcharge of \$403.50. Areas of non-compliance include:
 - Charged "Not for Profit" rate without the required documentation
 - Charged the room rental rate instead of gym rental rate
 - Charged the room rental rate based on the number of people expected instead of the room's maximum capacity
 - Undercharged, overcharged, or did not charge for security guards, processing fee, or kitchen fee
 - Charged a "Clean-up" fee not referred to in the City policies
 - Did not collect the deposit to reserve the event date
 - Two out of four facility rentals (50%) at Hilos de Plata Senior Center were not charged the correct fees, resulting in a net overcharge of \$191.50. Areas of non-compliance include:
 - Overcharged or undercharged for security guards and/or deposit to reserve the event date
- Final payments for facility rentals are not made on a timely basis according to the deadlines stipulated in the *Facilities Use Agreement* or *Terms and Conditions*.
 - Nine out of 13 final payments (69%) were not collected on a timely basis in accordance with the *Terms and Conditions* at the Multipurpose Recreation Center. The untimely final payments were six to 28 days late.
 - Three out of four final payments (75%) were not collected on a timely basis in accordance with the *Facilities Use Agreement* at the Hilos de Plata Senior Center. The untimely final payments were three to 10 days late.

Recommendation

Parks and Recreation Management should ensure that:

- All facility rentals are in compliance with City Policies.
- Final payments for facility rentals are made on a timely basis.

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Management's Response

A consolidated PARD Facility Reservation/Rental Administrative Guideline will be developed and distributed (see Finding 1 response). The guideline will include internal policy and staff direction related to rentals at recreation/senior centers as well as all other facilities that offer rentals and reservations. Management will also distribute copies of approved fees and charges for FY09 to staff. Recreation Center, Sports, and Aquatics managers have been directed to not issue facility permits if full payment has not been received when required. Once again it is noteworthy to mention that an automated system would greatly enhance management of reservations/ rentals and management will continue to pursue funding and implementation.

Responsible Party

Policy Development: Judy Weiss, Assistant Director. Training and Distribution: Judy Weiss, Assistant Director, Joe Rodriguez, Recreation Manager, Paula Powell, Sports Manager, Wright Stanton, Aquatics Manager. (similar to Finding 1).

Implementation Date

January 30, 2009

Current Observation

A test of *Facility Use Agreements* from the Multipurpose Recreation Center and Hilos de Plata Senior Center was conducted regarding rentals scheduled for March 2009. The results are as follows:

Multipurpose Recreation Center

- Five out of 12 facility rentals (42%) were not charged the correct fees, resulting in a net under charge of \$156.00. Areas of non-compliance include:
 1. Charged "Not for Profit" rate without the required documentation.
 2. Undercharged for security guards and processing fees.
 3. Overcharged for kitchen fees
- Four out of 12 final payments (33%) were not collected on a timely basis in accordance with the Terms and Conditions at the Multipurpose Recreation Center. The untimely final payments were made six - 23 days past due.

Hilos de Plata Senior Center

- The informational rate sheet used by staff to calculate facility rental cost is inaccurate. It does not include the rate used for weekday rentals.
- In addition, the security guard fees at Hilos de Plata Senior Center are not in compliance with Municipal Code. Renters at Hilos de Plata are being charged for security guards even when alcohol is not being served during the event.

Status

In Progress

Finding 7

Facility Rentals – Inconsistent and Incomplete Contract Documentation

A review of facility rentals during February 2008 at the Multipurpose Recreation Center and Hilos de Plata Senior Center was conducted. The following issues were noted:

- There are inconsistencies in the *Facilities Use Agreements* and *Terms and Conditions* being used at the Multipurpose Recreation Center and Hilos de Plata Senior Center regarding the following areas:
 - Number of security guards required and security guard fees
 - Clean-up fees
 - Final payment deadlines
- Facilities Use Agreements for rentals during February 2008 were not completed properly and were missing information.
 - 11 out of 13 *Facilities Use Agreements* (85%) at the Multipurpose Recreation Center were missing one or more of the following:
 - Down payment amount ▪ Payment dates ▪ Renter's signature
 - Rent amount ▪ Payment receipt numbers
 - Two out of four *Facilities Use Agreements* (50%) at Hilos de Plata Senior Center were missing one of the following:
 - Down payment amount ▪ Date the agreement was signed

Management's Response

A consolidated PARD Facility Reservation/Rental Administrative Guideline will be developed and distributed (see Finding 1 response). The guideline will include internal policy and staff direction related to rentals at recreation/senior centers as well as all other facilities that offer rentals and reservations. Management will also distribute copies of approved fees and charges for FY09 to staff. PARD agrees that a standardized use agreement format for the recreation/senior centers is desirable.

Responsible Party

Policy Development: Judy Weiss, Assistant Director. Training and Distribution: Judy Weiss, Assistant Director, Joe Rodriguez, Recreation Manager, Paula Powell, Sports Manager, Wright Stanton, Aquatics Manager. (similar to Finding 1).

Implementation Date

January 30, 2009

Recommendation

Parks and Recreation Management should ensure that:

- *Facilities Use Agreements* and *Terms and Conditions* are standardized and consistent for all Recreation Centers and Senior Centers.
- *Facilities Use Agreements* are completed properly.

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Current Observation

A test of facility rental documentation for rentals scheduled in March 2009 at the Multipurpose Recreation Center and Hilos de Plata Senior Center was conducted. The results are as follows:

- There are inconsistencies in the Facilities Use Agreements and the Terms and Conditions being used at the Multipurpose Recreation Center and Hilos de Plata Senior Center regarding the following areas.

	Hilos de Plata Senior Center		Multipurpose Recreational Center	
	Document	Requirement	Document	Requirement
Cancellation Policy	Facility Agreement	1. 60 or more days prior to date of rental: One hour rental plus processing fee. 2. Anytime 30 to 60 days prior to date of rental: 50% of Total Rental Agreement.	Facility Agreement	One hour rental plus processing fee
Security Guards Required	Terms and Conditions	1. All rentals one security guard for each 100 people attending. 2. For any party involving teenagers three security guards will be required.	Terms and Conditions	1. All rentals will have a minimum of two guards, which is included in the initial contract. 2. For any party involving teenagers one additional guard will be required.
Payments Deadlines	Terms and Conditions	1. Cost of first hour plus \$25.00 processing fee is required as down payment for all reservations. 2. 50% of Total rental fee shall be paid 60 days prior to rental date. 3. Full payment is required 1 month prior to rental date.	Terms and Conditions	1. Cost of first hour plus \$25.00 processing fee is required as down payment for all reservations. 2. All fees must be paid 1 month prior to rental date.

- *Facilities Use Agreements* completed for rentals during March 2009
 - Two out of 12 *Facilities Use Agreements* (17%) at the Multipurpose Recreation Center were missing one of the following:
 - Date the agreement was signed
 - Down payment amount
 - One out of 1 *Facilities Use Agreements* (100%) at Hilos de Plata Senior Center was missing the following:
 - Other (charges for kitchen and decorating)

Status

In Progress

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Finding 8

Facility Rentals

A review of 46 receipts allocated to the Rental Revenue Account (#405020) during February 2008 was conducted. The following discrepancies were noted:

- Seven out of 46 receipts (15.22%) at the Multipurpose Recreation Center for February 2008 totaling \$551.00 were incorrectly allocated to the Rental Revenue Account (#405020). Of these:
 - Five receipts totaling \$251.00 stated "Donation" on the description field. These receipts should have been allocated to the Donation Account (#405060).
 - Two receipts totaling \$300.00 stated "Hackers" and "Rehab Entry Fee" on the description field. These receipts should have been allocated to the Organized Sport League Account (#404307).

Recommendation

Parks and Recreation Management should ensure that revenues are properly allocated.

Management's Response

A consolidated PARD Cash Handling Administrative Guideline will be developed and distributed (see Finding 1 response). This policy will address proper classification/allocation of revenue.

Responsible Party

Policy Development: Leo Wilson, Business Manager, Judy Weiss, Assistant Director.
Training and Distribution: Judy Weiss, Assistant Director, Joe Rodriguez, Recreation Manager, Paula Powell, Sports Manager, Wright Stanton, Aquatics Manager. (similar to Finding 1).

Implementation Date

January 30, 2009

Current Observation

Based on our audit work at the Multipurpose Recreation Center we were able to determine that the recommendation to the original finding has been implemented.

- Following a review of 31 receipts none were allocated to the wrong revenue account.
- Management through periodic spot checks has increased the awareness of the Center and Pool employees with regards to completing all fields of the forms as well as ensuring correct allocation of revenue funds.

Status

Implemented

***OTHER FINDINGS, RECOMMENDATIONS,
AND MANAGEMENT’S RESPONSES***

Finding 9

Daycare Fees - Galatzan Daycare

A review of ten daycare participants who attended the daycare a combined total of 167 days for the month of September 2007 was conducted. The following internal control weaknesses were noted:

- Sign-In Sheets were missing sign-in and sign-out times:

# of Days Missing a Sign-In or Sign-Out Time	Percentage	Comment
13	8%	Sign-in time was not listed
25	15%	Sign-out time was not listed

- Fees for additional hours over the daily limit were not assessed or could not be calculated:

# of Days That Fees Were Not Assessed or Calculated	Percentage	Additional Hours	Additional Hours Fees Due	Comment
41	25%	30	\$ 75.00	Fees for additional hours over the daily limit were not assessed.
26	16%	Note 1	Note 1	Note 1: Attendance of additional hours over the daily limit could not be determined because the sign-in and/or the sign-out times were not listed. Therefore, any additional hours fees due could not be calculated.

- The amount of the payment request to Upper Rio Grande Child Care Services does not match the supporting documentation resulting in a possible overcharge:
 - One out of 10 daycare participants (10%) appears to have been overcharged a total of \$65.92. Support documentation on file lists the participant as attending three part-time days during September 2007. However, the documents submitted to Upper Rio Grande - Child Care Services (CCS) as part of a payment request lists the child as attending one full day and 19 part time days.
- Late fees are not being assessed:
 - One out of 10 daycare participants (10%) paid the September 2007 monthly fee a total of 56 days late. A review of the payment history for this participant indicates that payments were consistently late for the months of September 2007 through January 2008. However, no late fees were assessed.

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- There are inconsistencies in the documents given to the parents regarding the payment schedule:

Day Care/ Preschool Policies	Daycare Registration Application
"Payment for the program is due at the beginning of the month and is due by the 5th."	"I understand that tuition payment must be made either: A. In full by the 5th of each month or B. In two equal payments by the 1st and 15th of each month or C. Weekly on Monday of said week."

Recommendation

Daycare management should ensure that:

- Daycare participants are signed in and out each day that they attend the daycare.
- Sign-in Sheets are reviewed and fees for additional hours are assessed when necessary.
- Adequate and accurate support documentation should be maintained for all payment requests submitted to CCS.
- Payments are tracked and late fees are assessed when necessary.
- The documentation provided to parents contains consistent payment schedules.

Management's Response

The Activity Registration Administrative Guideline in development (see Finding 1 response) will address processes for registration, and the Fees and Charges Schedule for FY09 will be distributed. Neither the Fees and Charges Schedule for FY08 or the upcoming schedule for FY09 include a late fee; however, it is standard practice for day cares to collect fees for children who are picked up late as this incurs additional staff cost, therefore, management will pursue review and implementation of late fees and fees for additional hours of service. Management will review and revise processes for day care attendance tracking and enforce payment in advance of service.

Responsible Party

Policy Development: Judy Weiss, Assistant Director. Training and Distribution: Judy Weiss, Assistant Director, Joe Rodriguez, Recreation Manager, Veronica Meyers, District Manager, Day Care Supervisors/Coordinators.

Implementation Date

January 30, 2009

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Current Observation

A review of ten daycare participants who attended the daycare a combined total of 167 days for the month of February 2009 was conducted the results are as follows:

- Sign-in Sheets missing sign-in and sign-out times:

Exception	# of Days	Percentage
Sign-in time was missing	0	0%
Sign-out time was missing	4	2.4%

- There has been a change in policy with regard to fees being assessed for additional hours since the Audit Report dated June 18, 2008. The current policy is to assess a fee for pickups after 6:00 PM. The fee is \$10.00 for every 15 minutes after 6:01 PM. There were no fees assessed in our sample.
- There are no Upper Rio Grande Child Care Services individuals currently enrolled and the center is no longer accepting their enrollment.
- Payments are being tracked and late fees assessed when necessary. However, the policy of implementing the weekly rate, which is \$20.00 more per month, when payment is not made within the “3 Day Grace Period”, is not documented in the Parent Handbook or the Galatzan Recreation Center Pre-School & Daycare Registration Application.
- The documentation provided to parents does contain consistent fee schedules.

Status

Implemented

INHERENT LIMITATIONS

Because of the inherent limitations of internal controls, errors or irregularities may occur and not be detected. Also, projections of any evaluation of the internal control structure to future periods are subject to the risk that procedures may become inadequate due to changes in conditions, or that the degree of compliance with the procedures may deteriorate.

CONCLUSION

The results of this follow-up audit indicate that three (3) out of nine (9) original findings have been implemented. Five are in progress and one has not been implemented.

Based on these results it appears that the Parks and Recreation Department has failed to actively implement the recommended corrective actions. Therefore, the internal control environment within the Parks and Recreation Department continues to exhibit weaknesses that may significantly affect the department's goals and objectives.

Signature on File
Edmundo S. Calderon, CIA, CGAP, MBA
Chief Internal Auditor

Signature on File
Daryl Olson
Senior Auditor

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